



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Signature Bancshares, Inc.

Person to be contacted regarding this report:	Larry W. Webb
CPP Funds Received:	\$1,700,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	6/26/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	2292975
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	3148
City:	Dallas,
State:	Texas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Provided \$2.1 million in loans for new homes. Provided \$11 million in loan commitments to our customers.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Owner Occupied Real Estate Loans, mortgage loans, residential construction loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves were increased to 1.31% of gross loans at 12-31-09.

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Maintaining strong capital ratios.

What actions were you able to avoid because of the capital infusion of CPP funds?

Signature Bank is committed to serving the needs of its customers and its community. Both 2008 and 2009 were difficult years for Community Banks. However Texas and North Texas economies and banks fared better than other parts of the country. Since other capital markets were not available to Signature Bank in 2009, access to CPP Funds enabled the Bank to continue to support its customer base.

With the CPP capital, Signature Bank avoided reducing its lending, thus not impacting our customers, future earnings of the Bank, and the Bank's capital.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Signature Bank specifically committed to provide \$5,000,000 in financing to assist area borrowers in purchasing a new home. At year end 2009, \$2.1 million had been funded. Additionally, the Bank's CRE ratio's improved due to both the increase in capital because of CPP funding, and CRE loans being paid. Approximately \$9.7 million in CRE loans paid in the second half of 2009.

Question #3. Please Describe any other actions that you were able to undertake with the capital infusion of CPP Funds?

With the infusion of CPP Funds, Signature Bank was able to extend \$11 million in loan commitments to its customers, in support of their businesses.

The CPP funding allows Signature Bancshares, Inc. and its subsidiary, Signature Bank, on an orderly basis, to plan for new capital as the markets will allow, and ultimately repay the CPP funds. With the infusion of CPP Funds, the Bank continues to maintain strong capital ratios.

Signature Bank increased its Loan Loss Reserves to 1.31% of gross Loans as of 12-31-09.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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